EX PARTE September 11, 2003

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Portals II, TW-A325
Washington, D.C. 20554
August 21, 2003

Re: Qwest, Bell South and SBC Petition of Forbearance on UNE-P rates
WC Docket No. 03-1898

Dear Ms. Dortch:

As Chairman of NALA (The National Alternative Local Exchange Carrier Association) I represent approximately twenty-five (25) CLECs serving more than 500,000 residential consumers throughout the United States. Our members offer both local and long distance residential service to credit challenged consumers who for one reason or another have been unable to acquire service from their incumbent local exchange carrier. Many of our members are also offering service to non-credit challenged consumers.

I am writing you in response to a petition recently filed by Qwest Corp., Bell South Telecommunications, Inc. and SBC Communications, Inc. asking the federal Communications Commission to suspend the application of "TELRIC" pricing to UNE-P (unbundled network elements) provisioning. These RBOCs argue "TELRIC" pricing is somehow inherently "flawed". Their arguments are, however, untenable. If "TELRIC" pricing is "inherently flawed" why are our members often forced to choose resale rates instead of UNE-P pricing when resale gross discount margins are normally less than twenty percent (20%)? CLECs choosing UNE-P rates bear the risks associated with usage charges for switching, port, loop and transport inherent to this form of provisioning. By shouldering marketing, credit and usage risks, CLECs afford these RBOCs an unparalleled opportunity to reduce the RBOC's fixed overhead by increasing revenues from wholesale operations.

These RBOCs argue CLECs should be denied access fees. It seems strange CLECs using UNE-P should be denied access revenues when it is the CLEC who pays for the very usage upon which access fees are based. If RBOCs demand payment for usage of loops, ports, switches, and transport on a per minute basis why should the RBOC then be entitled to the access fees associated with that very same usage?

Without aggressive UNE-P pricing and availability of access fees the recent renaissance in competition for residential service will come to an abrupt end. NALA members compete daily against well funded entrenched RBOCs who often create difficult roadblocks of every kind for CLECs. Years of "splendid isolation" in a world of monopolistic control have conditioned RBOCs to expect comfortable non-competitive pretax profits. Even with new competition, many RBOCs have reported excellent financial results. The table below, as reported by Morgan Stanley, shows financial figures for 2002 for Bell South Corporation, SBC, and, in the interests of comparison, Verizon. All three show excellent three (3) year returns on equity, excellent net earnings, and two (Bell South and SBC) have raised dividends to share holders consistently over the last five years.

Company	3yr return on equity	% Net Earnings	Dividends
Bell South	18.67%	12,07%	$ .92/share
SBC	24.51%	17.32%	$1.07/share
Verizon	16.27%	6.78%	$1.54/share

Our members have been nurtured on the spirit of American competitiveness. Through resourcefulness and determination and often in the face of massive anti-competitive barriers, our NALA members have been able to improve the quality and cost of residential service in ways not seen before the 1996 Telecommunications Act. We hope the Federal Communications Commission and the state utility commissions will realize the enormous importance of maintaining a position of support for aggressive, but fair, UNE-P pricing based on "TELRIC" principles. We hope likewise CLECs will be able to continue to rely on access revenues which help fund improvements in local residential phone service.

Sincerely,

Norman D. Mason
Chairman, NALA
(National Alternative Local Exchange Carrier Association)

Tel: 540-444-2118
e-mail: nmason@ccitelecom.com
Fax: 540-444-2162